

## Options for changing the Medicare benefit package

**ISSUE:** As policymakers evaluate the strengths and limitations of the current benefit package, they may want to consider policies that could potentially improve beneficiaries' financial protection from costly illness, encourage better management of beneficiaries' health care, and improve the efficiency of total resources spent on beneficiaries' health care. This presentation identifies a range of policy approaches and assesses their trade-offs in terms of specific criteria.

**KEY POINTS:** Staff have organized the following range of policy approaches into three categories:

### Cost-sharing changes

- changing deductibles
- changing coinsurance on various services, including hospitalizations, outpatient department visits, home health services, and skilled nursing facility services.
- adding an out-of-pocket cap
- addressing the role of supplemental insurance by limiting first-dollar coverage

### Expanding Medicare benefits

- adding a prescription drug benefit and other options for addressing high prescription drug costs
- adding a case/disease management benefit
- adding additional preventive services
- addressing long-term care needs

### Fundamental reallocation of resources among existing payers

- making a single, comprehensive benefit package available to beneficiaries that would induce beneficiaries to forgo supplemental insurance

In addition to discussing the trade-offs and design issues of each approach, staff will present estimates of the impact several options would have on program costs. No recommendations are anticipated at this time.

**ACTION:** Staff are seeking Commissioner feedback on how we have organized the options for consideration, whether we have identified the appropriate range of options and what level of detail should be provided in describing and assessing each policy option.

**STAFF CONTACT:** Anne Mutti (202-653-2639), Ariel Winter (202-653-7234)